



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

OCT 23 2003

**VIA FIRST CLASS MAIL**

Larry Morgan  
HC 74 Box 272-1  
Harthshorne, OK 74547

RE: MUR 4818

Dear Mr. Morgan:

On October 9, 2003, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such

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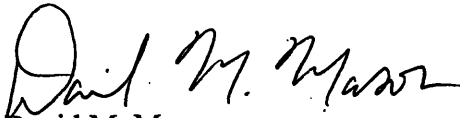
Larry Morgan  
MUR 4818  
Page 2

counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Margaret J. Toalson, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

  
David M. Mason  
Commissioner

**Enclosures:**

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Conciliation Agreement

1                                   **FEDERAL ELECTION COMMISSION**  
2                                   **FACTUAL AND LEGAL ANALYSIS**  
3  
4

5   **RESPONDENT:**

6       Larry Morgan

)                                   **MUR 4818**  
7                                   )

8   **I.       GENERATION OF MATTER**

9           This matter was generated based on information ascertained by the Federal Election  
10   Commission (the "Commission") in the normal course of carrying out its supervisory  
11   responsibilities. *See* 2 U.S.C. § 437g(a)(2).

12   **II.     FACTUAL AND LEGAL ANALYSIS**<sup>1</sup>

13       **A.    Law**

14           The Federal Election Campaign Act of 1971, as amended, makes it unlawful for any  
15   person to make contributions to any candidate and his authorized political committee regarding  
16   any election for Federal office, which, in the aggregate, exceeds \$1,000 per election. 2 U.S.C.  
17   §§ 441a(a)(1)(A); 431(8)(A). A "contribution" includes any direct or indirect payment,  
18   distribution, loan, advance, deposit or gift of money, or any services, or anything of value to any  
19   candidate or campaign committee, in connection with a Federal election. 2 U.S.C. § 431(8)(A).

20           The Act also prohibits any candidate or political committee or agent thereof from  
21   knowingly accepting any contribution or making any expenditure in violation of the provisions of  
22   2 U.S.C. § 441a. 2 U.S.C. § 441a(f). It is also unlawful for any person to make a contribution in  
23   the name of another, or for any person to knowingly permit his or her name to be used to make

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<sup>1</sup> The activity in this case is governed by the Act and the regulations in effect during the pertinent time period, which precedes amendments to the regulations made by the Bipartisan Campaign Reform Act of 2002 ("BCRA").

1 such a contribution. 2 U.S.C. § 441f. Moreover, no person may knowingly help or assist any  
2 person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii).

3 **B. Facts & Analysis**

4 Walter L. Roberts was a candidate for Oklahoma's Third Congressional District for the  
5 U.S. House of Representatives in 1998. The primary election for the Democratic nomination to  
6 represent Oklahoma's Third Congressional District occurred on August 25, 1998. Roberts also  
7 owned an auction company: -Walt Roberts for Congress (the "Committee") was the political  
8 committee within the meaning of 2 U.S.C. § 431(4) for Roberts' campaign.

9 Gene Stipe was the founder of the Stipe Law Firm where he was a senior partner until  
10 2003. Mr. Stipe was also an Oklahoma State Senator representing a portion of Southeastern  
11 Oklahoma, and a political mentor and friend to Roberts. Mr. Stipe was involved in running  
12 Roberts' campaign, from making strategic decisions to hiring and firing of staff.

13 Charlene Spears was an employee at the Firm and Gene Stipe's personal assistant. Spears  
14 was involved in the Roberts' campaign, making decisions on campaign purchases, instructing  
15 staff, and handling some of the campaign's banking.

16 Michael Mass is a friend of Roberts and former Representative in the Oklahoma House of  
17 Representatives. Larry Morgan is an acquaintance of Michael Mass.

18 On March 26, 2003, Stipe was charged with perjury under 18 U.S.C. § 1621, and two  
19 counts of conspiracy under 18 U.S.C. § 371. On April 1, 2003, Stipe pleaded guilty to perjury, a  
20 felony violation of 18 U.S.C. § 1621, conspiracy to obstruct a Commission investigation, a  
21 felony violation of 18 U.S.C. § 371, and conspiracy to violate the Act, a misdemeanor violation  
22 of 18 U.S.C. § 371. In the plea documents, Stipe admitted that through Larry Morgan, Stipe was

24-04-408-1304

1 able to make contributions in the names of another through five straw contributors totaling  
2 \$15,000.

3 On a date uncertain, while visiting Gene Stipe at the Firm, Stipe asked Mass to funnel  
4 money to the Committee that Stipe would provide in the form of campaign contributions. Stipe  
5 asked Mass to recruit persons that could be used as straw-contributors using his money to the  
6 Committee. Mass approached Morgan and informed him of this scheme. Morgan agreed to  
7 assist Mass and Stipe in the making of campaign contributions in the names of others to the  
8 Committee.

9 On a date uncertain, Mass went to the Firm and picked up a check, drawn on a Firm  
10 account, from Spears for \$15,000.

11 On October 8, 1998, Mass took this check and gave the check to Larry Morgan. Mass  
12 instructed Morgan on how to handle the money from the Firm. Mass told Morgan that the  
13 reimbursement scheme is how Stipe and Spears wanted the money handled.

14 Morgan then deposited the \$15,000 check into his personal account. After making the  
15 deposit, Morgan in turn wrote Mass a check on his account for \$6,000, which Mass deposited  
16 into his personal account.

17 On October 9, 1998, Mass then took that money and made three \$1,000 contributions to  
18 the Committee. On that same date, Suzanne Mass, Mass' wife, also made three \$1,000  
19 contributions to the Committee.

20 Morgan then wrote two checks for \$3,000 to his mother, Altaclair Morgan, and sister,  
21 Carolyn Trueblood, for the purpose of them to each contribute \$3,000 in return to the Committee.

22 On October 9, 1998, Larry Morgan, Altaclair Morgan and Carolyn Trueblood each made three  
23 \$1,000 contributions to the Committee with the money that Mass provided.

As a result of the reimbursements, the Committee reported these contributions as from the straw contributor and not the actual contributor, Gene Stipe and the Firm. These contributions were as follows:

Straw Contributor	Conduit	Amount of Contribution	Date of Contribution	Date Report filed with FEC
Suzanne Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Suzanne Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Suzanne Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Mike Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Mike Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Mike Mass	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Larry Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Larry Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Larry Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Altaclair Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Altaclair Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Altaclair Morgan	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Carolyn Trueblood	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Carolyn Trueblood	(Mass/Morgan)	\$1,000	10/9/98	10/21/98
Carolyn Trueblood	(Mass/Morgan)	\$1,000	10/9/98	10/21/98

Larry Morgan knew that his contributions and those of the other straw contributors were illegal when he made them and assisted others in the making of them.

### III. CONCLUSION

Accordingly, there is reason to believe that Larry Morgan knowingly and willfully violated 2 U.S.C. § 441f.